



**Islamic Republic Of Afghanistan
Kabul Municipality**



PROCUREMENT POLICY STANDARD OPERATING PROCEDURES

H.E Mohammad Yonus Nawandesh

Signature:_____



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The introductory sections procurement policy provides background information to the policy and will help the DG Procurement set the tone for the overall document. The DG Procurement can demonstrate this through the inclusion of one or more of the following sections:

Purpose of the policy: This policy is the basis for good business practices to ensure that KM has obtained the best price or best value for purchases.

The purpose of these policies and procedures is to ensure that:

- Full and open competition has been utilized to the maximum extent practical;
- The ultimate amount paid for goods and services are fair and reasonable and allowable charges to the project;
- Materials and services are obtained in an effective manner and in compliance with the provisions of applicable Afghanistan Procurement Law, and executive orders.

Scope of policy: This section states who is included in the policy and various circumstances where this policy will or will not apply. By including this section, the KM is able to set clear guidelines, resulting in less confusion for employees.

Procurement: The first step in procurement is to understand, or set, the spending limits above which the procurement process is required to be used. If donor funding is paying for the purchase, the amount is set by the donor.

A negotiation memorandum must be prepared stating the reason for the purchase, setting out specifications for the purchase, and evaluation criteria used to choose a vendor. Normally, three qualified vendors are asked to bid on the item and their bids are weighed against each other using the evaluation criteria. Total cost is not always the deciding factor—delivery schedule, warranty, or ability to meet all the specifications of the item purchased are a few examples of why cost may not be the final determinant.

It is prudent for the KM to have a purchasing committee, normally comprised of three people, at least one of whom should be the subject matter expert for the item being purchased. The three person committee goes together to the vendors to gather prices and make procurement recommendations.

Purchasing: Normal expenditures which are included in the budget are approved by the DG Procurement. The aggregated amounts are then sent to the KM Mayor for review and final approval on a regular basis, often monthly or semi-monthly. Unbudgeted purchases require appropriate approval by the KM's Mayor in consultation with MoF (Ministry of Finance). All purchases and procurements are subject to a financial audit (Internal and External).

The process for purchasing budgeted items is for the purchasing agent to fill out a purchase order which is approved by the DG Procurement and KM Mayor. The purchase order states the item, quantity and expected cost. When the purchase is made the vendor will issue a signed receipt for the actual purchase and that amount will be filled in on the purchase order and the receipt fastened to the purchase order.

When the materials are received or delivered, a delivery receipt is filled out, either by the vendor or the purchaser, signed by the purchaser and one copy is attached to the purchase order. Often the vendor will also want a copy as evidence that the materials were delivered.



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For convenience, approved suppliers of repeat purchases should open an account with the KM so that payment doesn't need to be made with each purchase. At regular intervals, usually two weeks or one month, the vendor issues a statement of all purchases made during the period, accompanied by approved invoices and delivery receipts. A bank transfer into the account of the vendor is the most secure and convenient method of payment.

Definitions: It is important to include a list of definitions to ensure clarity. Such definitions could include the criteria by which KM defines procurement, Bidder, Bid etc. The terms used in this Procurement Policy bear the following meanings:

“Procurement” means acquisition of goods, works or services by entity or through a contractor by use of public funds.

“Award authority” means the person with authority to award a contract or approve a contract modification concerning the procurement of goods, services or works, pursuant to provisions of this Law and the Public Finance and Expenditure Management Law.

“Bidder” means a legal or natural person, according to the provisions of the bidding documents who, or whose legal representative; submits an offer and participates in the procurement proceedings in accordance with provisions of this Law.

“Bid” means a tender, proposal, or price quotation given by a bidder in response to an invitation or request for the provision of goods, works or services.

“Bidding Documents” means documents [issued by the Entity] describing quantity, quality, characteristics of the goods, works and [non-consulting] services [to be procured], conditions and the procedure for submitting a bid.

“Request for Quotations” means the document used to carry out low-value procurement of standard goods or services [or] works, in accordance with the provisions of this law.

“Open Tender” is the [procurement] method, in which any bidder may submit a bid concerning the procurement of his interest, in compliance with the specifications set forth in the bidding documents, to the relevant entity.

“Restricted Tender” means the tendering method in which a limited number of bidders, which shall not be less than three, are invited to bid.

“Single Source Procurement” refers to the method of procurement in which the procurement contract is concluded directly without holding a competitive proceeding as provided for in this Law.

“Procurement Contract” means the written agreement made by an entity with a contractor with respect to the procurement.

“Procurement proceeding” means all the procurement activities that follow the procurement initiation decision as provided for in this Law, including any prequalification proceedings, that terminate with the completion of the procurement in accordance with the procurement contract provisions.

“Request for proposal for Consultancy Services” means the document utilized for procurement of consultants' services in which the procedures and conditions for submission of proposals is described.



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“Contractor” is a successful bidder who contracts with a procuring entity to provide goods, works and services.

“Responsive Bid” is a bid submitted by bidder that is in accordance to the requirements of bidding documents.

“Goods” (ajnas) means objects of every kind including raw materials, products and equipment’s whether in solid, liquid or gaseous form, as well as services incidental to the provision of the goods provided the value of such incidental services does not exceed that of the goods.

“Tendering” means any formal and competitive procurement procedure through which bids are requested, received and evaluated for the procurement of goods, works, and services, and as a consequence of which an award is made to the successful bidder.

“Auction” (Muzaida) means a process in which persons participate in a bidding gathering aiming at increase on the price of government’s movable/immovable property intended for sale or lease.

“Procurement Committee” is a Committee of Directors and Officials appointed by the entity to carry out procurement proceedings as provided for by this Law.

“Evaluation Committee” is a Committee appointed by the entity in order to evaluate and compare bids and prepare and submit evaluation report.

“Entity” (edaara) means any ministry, independent head departments, state owned enterprises, other budgetary unit, and also municipality, government companies and mixed companies in which the share of State ownership exceeds twenty-five percent (25%).

“Consultants’ services” refers to activities of a professional, intellectual, and advisory nature. Provision of materials and goods or works shall be an exception to this rule, except when the works are of an informational nature. They include design, supervision, training, auditing, software development, expert proposals and advice, and similar technical or professional services.

“Works” includes work associated with the construction, reconstruction, demolition, repair or renovation of a building, structure or site preparation, excavation, erection, installation of equipment or materials, decoration and finishing, as well as services incidental to construction such as drilling, mapping, satellite photography, seismic investigations and similar services provided pursuant to the procurement contract, provided that the value of those services does not exceed that of the construction